

Are the hard yards for Fair Trade finally paying off?

Collaborative opinion piece by Nick Savaidis and Nina Howard

Anyone studying business 101 will tell you that changes in consumer lifestyles and behaviour affect buying patterns. Businesses large or small watch these patterns and design products or services with social, legal, economic, political and environmental factors in mind. So, last month when Cadbury announced that it now has Fair Trade certification of its Dairy Milk chocolate range in Australia and New Zealand (it has already been certified in the UK) we saw proof that the mainstream market is changing behaviour and that nowadays multinationals need to do more than produce a good tasting product to convince a customer.

But why are some consumers still sitting uneasily with their purchasing power?

The problem is we are now presented with an ethical dilemma which was previously so simple to answer. How does one choose between supporting and rewarding a large corporation (i.e. Cadbury) for taking some responsibility in their product supply chain, or choose to continue to support small to medium business (i.e. Divine Chocolate) that may have chosen to base their very business proposition on putting people before profits, and committed years of hard work getting producers to the level that they could actually sell on a scale that's attractive to the large multinationals?

Whilst it may seem simple to choose to support the pioneers who are in the business for moral reasons – we need to consider the power a large multinational can wield by supporting 50 000 producers through its fair trade supply chain as opposed to the 500 effected by niche fair trade providers.

Is it fair business to put a Fair Trade seller out of business?

Most fair trading companies were built on great social ingenuity; there are some companies that have been working with their own fair trade standards for more than 40 years – they actually set standards before there was an international certification. Their unique selling point was trading fairly and they spent a designated proportion of their profits educating consumers on their ethical buying power. They demanded that shops offer Fair Trade certified choice to consumers - and now ironically, because they've been successful and influenced the behaviour of multi-nationals, they may actually go out of business.

Even when they seem to be doing good, multinational corporations have monopolistic control in the marketplace simply because of their scale. This scale gives them an ability to manipulate the market, even the Fair Trade certified market, in their favour, and a growing market even if it is based on ethical consumption will always be attractive to multinationals. Smaller Fair Traders need to consider what this means for their future – do they need to get extra certifications and push the boundaries of ethical production and eco design even further in order to keep point of difference?

It's easy to talk the talk – but can they walk the walk...

Businesses on all points of the spectrum have a lot to lose if they fail to deliver what their brand promises. Fair trade pioneers have built trust in the Fair Trade label. There needs to be recognition by all involved that policing the current labelling system is an arduous and extremely difficult task. It is the responsibility and right of all those involved to see that those who do good are rewarded and those who play the system to their advantage are not. The real meaning of Fair Trade is not just about offering an 'option' to a customer, it's about a commitment to rights and responsibilities either as a supplier or a buyer: changes in global poverty will not come about because of slogans or labels, but by real action. This action is not only the responsibility of businesses but that of government too. The government sector at all levels makes bulk purchases of goods and services and should be taking a leadership position in ethical and social procurement. It is pleasing to see recent increased interest in social procurement from all sectors here in Australia. We now need to see this talk convert to changes in policy and practice.

In addition, many schools and sporting groups have ethical purchasing policies. Great, I hear you say. But the sad fact is that those policies are often ignored when it comes to actual purchasing decisions. The feedback from Fair Traders is that more often than not, teachers and students involved in Fair Trade education programs are passionate about what they're being told. Yet when the same school comes to purchase their new sports gear and uniforms this passion is somehow lost and they continue to buy the cheapest available without any consideration of how those products are sourced. A recent report published in the UK showed that 85% of people recognized the Fair Trade label but in Australia this figure is only 25% proving that this is only the beginning.

Bringing Fair Trade into the mainstream absolutely requires engagement with the Fair Trade pioneers. Those who have done the hard yards have experience that should be shared to make an impact at scale. A lot of Fair Traders have been bearing the cost of educating the public about worker rights and the benefits of Fair Trade. They visit schools to teach students about kids their own age working long hours for minimal pay, with no time for school, making products for the Western world. They work hard to explain the benefits of Fair Trade certification for farmers and workers and show videos of child and sweatshop labour as well as present to them, as an alternative, information about Fair Trade Certified factories and worker co-operatives.

So, whilst we congratulate Cadbury on Fair Trade certifying a small portion of their product range, we eagerly await to see if they will now take on some of the hard work of promoting the real meaning of fair trade and why it is so important. There is a lot to be said for mainstreaming Fair Trade but we also need to see support for the ingenuity that got us to this point and use the experience of the entrepreneurs or small businesses that took risks to change the market place. These social entrepreneurs are in it for the long haul and words like social justice and sustainability aren't just another box to tick on the way to huge profits, but are actions to live by in order to change lives for the better.

There is no magic solution to deal with the scale of global poverty – it's no mean feat to address one in six people affected by extreme hunger. What is needed is a platform for collaboration. Improving global trading practices requires political leadership and support and recognition for those who do make a positive and honest difference. We need to see large corporations taking their purchasing beyond a small percentage and recognising the powerful role they could play – at the moment it's a bit like buying 10% green power and feeling good about yourself although you are buying 90% of your power from polluting brown coal...

There's no rest for the wicked...

Be sure to show your support for Fair Trade this fortnight and the World Day Against Child Labour on 12 June

This is a collaborative piece written by:

Nick Savaidis and Nina Howard

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Nina Howard was appointed to the role of Social Enterprise Navigator with Social Traders in February 2010. This role has been established to provide a first point of contact and advice to established and emerging social enterprises, assist build the capacity of enterprises to access information, network and resources and facilitate the development of social enterprise networks.